A TAXONOMY OF SERVICE DELIVERY SYSTEMS: CONTRASTING THE CUSTOMER AND PROVIDER PERSPECTIVE

1. Theoretical Background

The nature of service delivery is increasingly fragmented due to technological advancement (Tax et al. 2013) and outsourcing of non-core activities (Ostrom et al. 2010). This has led to the existence of specialized service providers that depend upon complementary partners to be able to fulfill complex customer service goals (van Riel et al. 2013). Recent research has acknowledged the importance of networks of different organizations and/or stakeholders – the so-called "service ecosystems" (Vargo and Lusch 2011) or "service systems" (Chandler and Lusch 2014) – to better meet complex customer service goals (Ostrom et al. 2010). Herein, the overall customer experience stems from a series of exchanges with a variety of service system actors contributing to the experience over a considerable amount of time (cf. "service delivery network" of Tax et al. 2013). In other words, customer exchanges with each separate service system actor depend on experiences with other service system actors (Brohman et al. 2009). As a result, the service delivery system structure or architecture - defined as the actors that comprise the system, the ties that connect the actors, and the patterns resulting from these connections (cf. Ahuja et al. 2012) - is of great importance for all involved parties. Yet, an individual actor's understanding of the system architecture might not always align with that of other network actors, leading to potential misfits and thus value destruction. Hence, it is important to have a clear view on the multiple ways in which service delivery system architectures can be perceived and how differing views affect the creation of value for the involved network actors.

2. Research Approach & Objectives

Based upon a systematic review, we identify the different ways in which service delivery system architectures can be perceived. Broadly speaking, we discern two main perspectives. A first stream of research adopts a marketing perspective and specifically reflects upon the way service delivery system architectures get acknowledged and constituted by the customer (e.g., Tax et al. 2013). Contrarily, a second stream considers service systems from the perspective of the provider, thereby focusing on how such systems can (in part) be deliberately formed through purposeful inter-organizational collaborations (e.g., Adner 2006; Poppe et al. 2014).

To date, however, these two perspectives have never been contrasted and/or integrated. The result is confusion as to which dimensions of service delivery system architectures are important and how the viewpoints of customers and providers match. As a result, we identify an imperative need for a clear taxonomy that systematically breaks down the wide array and divergent views associated with service delivery networks into easily recognizable dimensions. Against this background, the purpose of this study is to (1) provide insight into the dimensions of service delivery system structures or architectures from (a) the customer perspective and (b) the service provider perspective, and (2) contrast and integrate both perspectives to better understand the implications for the creation of value for the actors involved in the service delivery system or network.

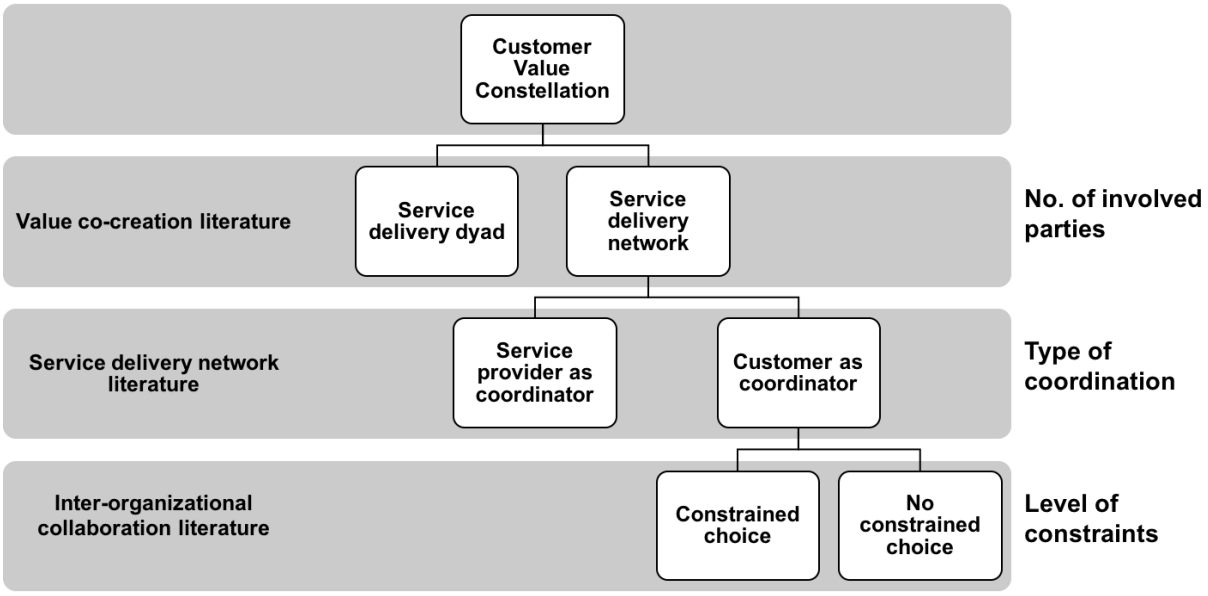
2. Preliminary Framework

2.1 Customer Perspective

We identify three main dimensions by which service delivery systems can be classified from a customer perspective. Following network and value co-creation literature, the key dimension by which service dyads (customer + one provider) and

service networks (customer + 2 or more providers) differ relates to the recognized **number of involved parties** (Tax et al. 2013; Van Riel et al. 2013). Hence, the first dimension relates to the perceived number of providers involved in the service delivery network. The second dimension refers to the **type of coordination** taking place. More precisely, a distinction can be made between networks in which the customer him/herself acts as the network coordinator (Hibbert et al. 2012) and networks in which the service provider takes the role of coordinator (Van Riel et al. 2013). The third dimension involves the **level of constraints**, referring to the extent by which the customer is allowed to freely choose the set of partners within the network (linking to agility vs alliance strategies by service providers (Picolli et al. 2009)). Bringing these together, we put forth a first service delivery system typology from the customer perspective (see Figure 1).

Figure 1: Service Delivery System Typology – Customer Perspective

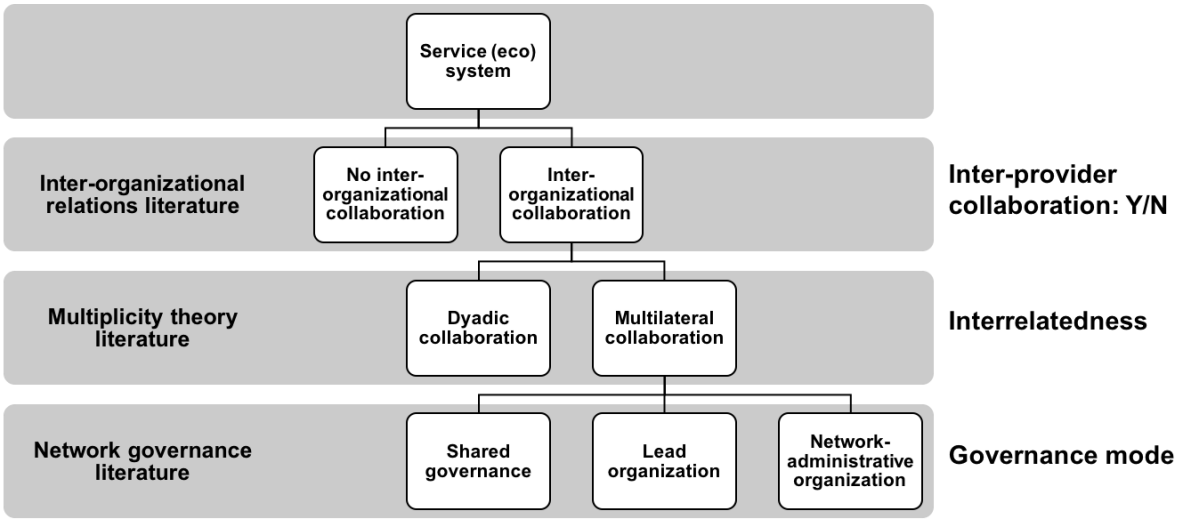


2.2 Provider Perspective

Similarly, a systematic review of the literature helped us identify three key dimensions that can be used to classify discussions on service delivery systems from a

provider perspective. The first dimension relates to the existence of **inter-provider collaboration**, referring to the extent to which providers *"exchange information, alter activities, share resources and enhance each other's capability for mutual benefits and a common purpose by sharing risks, responsibilities, and rewards"* (Prakash and Deshmukh 2010, p.54-55). The second dimension focuses on the way the multiple parties involved are interrelated (i.e., the **network interrelatedness**), ranging from purely dyadic relationships with discrete multiplicity to the existence of multilateral ties that involve continuous multiplicity (Hillebrand et al. 2015). A third and last dimension involves the **modes of network governance** that exist within the service delivery network (Provan et al. 2008). Three basic modes can be discerned, being governance by a lead agency (i.e., a network manager is key network member), shared governance (i.e., all participants contribute to the management and leadership of the network), and a network administrative organization (i.e., separate administrative entity manages the network). Integrating the aforementioned dimensions, we put forth a second service delivery system typology from the provider perspective (see Figure 2).

Figure 2: Service Delivery System Typology – Provider Perspective



3. Implications & Next Steps

The above review suggests that customers and service providers have a different view on the service delivery system architecture. Specifically, we identify four types of service delivery system architectures from the customer perspective: (1) service delivery dyads, (2) service delivery networks with the service provider as coordinator, (3) service delivery networks with the customer as constrained coordinator, and (4) service delivery network with the customer as unconstrained coordinator (see Figure 1). From the service provider perspective, we identify five types of service delivery system architectures: (1) service delivery dyads without inter-provider collaboration, (2) service delivery network with dyadic inter-provider collaboration, (3) service delivery network with shared governance, (4) service delivery network with lead organization, and (5) service delivery network with network administrative organization (see Figure 2).

The remaining question revolves around the implications of contrasting and integrating the customer and service provider types of service delivery system architectures. Drawing from a transaction cost analysis of different service delivery system combinations (Bowen and Jones 1986), we propose that both fits and misfits between service delivery systems from the customer and the service provider perspective may occur. A service delivery system fit, for instance, occurs if customers prefer a service delivery dyad and service providers do not engage in inter-provider collaborations. If service providers do not engage in inter-provider collaborations while their customers expect them to act as a coordinator, higher transaction costs emerge for either the customer or the service provider - leading to a service delivery system misfit. The next step involves an examination of how service providers can create governance mechanisms to avoid or counterbalance service delivery system misfits.

4. Contributions to Research and Practice

Discussions on service delivery systems are relatively new to service literature (Tax et al. 2013). Since typologies have been a popular approach for theorizing about organizational structures and strategies (Doty and Glick 1994), we believe that the development of our service delivery system taxonomy can generate a greater understanding of service delivery systems in general and guide researchers to explore this complex phenomenon in future research. In doing so, this paper also contributes to 'understanding service networks and systems', which has been identified as one of the top 12 service research priorities for the coming decade (Ostrom et al. 2015).

From a managerial point our research helps managers in advancing the selection and implementation of service delivery systems that economize on transaction costs for both the customer and the service provider. By providing insight into governance mechanisms to avoid or counterbalance service delivery system misfits, this research has strategic implications for organizations striving for creating better customer experience in a more efficient way.